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Dave Goetz
COMMISSIONER

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DIRECTOR

MEMORANDUM

TO: Members of the General Assembly

FROM: M. D. Goetz, Jr.

DATE: July 31, 2006

SUBJECT: Cover Tennessee Status

The purpose of this correspondence is to provide a status report to Members of the General Assembly concerning implementation of the **CoverTennessee** healthcare initiative. This spring the General Assembly adopted legislation, which is codified as Chapter 827 of the Public Acts of 2006, with the program components collectively referred to as Cover Tennessee. This legislation provided for the development of the following healthcare initiatives:

- **CoverKids**
- **AccessTN**
- **CoverTN**
- **ProjectDiabetes**

In addition, this Department is working on the new **CoverRx** pharmacy assistance program for uninsured Tennesseans with income under 250% of the federal poverty level. We are also collaborating with the Department of Education on statewide expansion of **Coordinated School Health**, a related program authorized under separate legislation.

As promised, this is first of the monthly updates that the Cover Tennessee team will provide to the Members of the General Assembly to apprise you of the progress and implementation milestones for these programs as well as general eligibility criteria, enrollment processes, and benefit provisions.

Cover Tennessee

Summary: Legislative Update 7-31-06

CoverKids: Comprehensive Health Insurance for uninsured children under 19, under 250% FPL

- Hired director, Dr. Andrea Willis, MD, MPH, FAAP
- Series of meetings conducted with children's hospitals and pediatricians in Chattanooga, Knoxville and Memphis regarding program development and benefit design
- Formal plan document under development; will be submitted for consideration to the Centers for Medicare and Medicaid Services
- Near completion of benefit package design
- Timeline:
 - Submit to CMS Sept 1, 2006
 - Issue RFP September, 2006
 - Award Contract October, 2006
 - Enrollment Begins November, 2006
 - Benefits begin January, 2007

AccessTN: Comprehensive health insurance for uninsurables under state-run high risk pool

- Application submitted to CMS to seek federal grant funds for program start-up costs (total of \$1 million federal dollars being sought)
- Initial concepting begun for premium assistance program for low-income participants
- Legal evaluation underway to avoid Grier and Consent decree related entanglements
- Board nominations under review
- Timeline:
 - Board announced in August
 - First board meeting in August
 - RFP issued in September
 - Award contract to Plan Administrator during Q4, 2006
 - Enrollment and benefits to begin Q1, 2007

CoverTN: Basic, affordable and portable health coverage for Tennessee's working uninsured

- Request for Information completed
- Secured consultant to advise and assist with RFP document creation
- Advisory Council nominations under consideration
- Timeline:
 - Advisory Council announced August, 2006
 - RFP issued in September, 2006
 - Enrollment and benefits during Q1, 2007

CoverRx: Pharmacy assistance for uninsured Tennesseans under 250% FPL

- RFI completed
- Timeline:
 - RFP issued in August, 2006
 - Contract awarded Fall, 2006
 - Participation begins Winter 2006/2007

Project Diabetes: Grant programs to enhance prevention, education, and treatment for Type 2 Diabetes and Obesity

- Board nominations for Board of Trustees under consideration
- Process of establishing non-profit organization underway
- NIH grant for Healthy Teen interventions underway
- Timeline:
 - Announce Board August 2006
 - Announce 10 additional schools for NIH program September, 2006
 - Issue request for grant proposals to providers September, 2006
 - Fund grants for providers October, 2006

Coordinated School Health: Educational programs through the schools to encourage healthy living and prevention for Type 2 Diabetes and Obesity

- Preparing for expansion of Coordinated School Health to schools statewide
- Timeline:
 - Issue request for grant proposals August, 2006
 - Fund awards September, 2006

Other

- A toll free number has been established 1-888-486-9355 to sign up interested persons for future updates on Cover Tennessee programs
- Web site created within www.tennessee.gov site that allows individuals to sign up for email updates as Cover Tennessee programs develop in the coming months
- Email distributed to 8,000 individuals on Cover Tennessee email update listserv account
- Direct mail distributed to individuals who have inquired about Cover Tennessee programs

CoverKids

CoverKids will offer comprehensive health insurance for Tennessee's uninsured children. It is Tennessee's version of a State Children's Health Insurance Program (SCHIP) as authorized by Title 21 of the Social Security Act. Federal funds are available to provide support of 74% of the program's benefit cost (effectively offering a \$3 to \$1 match for each state dollar invested) and will match administrative expenses up to 10% of the benefit costs for federally eligible recipients.

Research indicates that approximately 150,000 children in Tennessee are currently uninsured and an estimated 75% of those children live in families with household incomes under Tennessee's statutory eligibility guideline of 250% of the federal poverty level, or about \$50,000 for a family of four. Families above this income level may be able to buy into the program by paying monthly premiums for coverage.

In July, 2006, the Department of Finance & Administration announced that Dr. Andrea Willis, MD, MPH, FAAP, and the former Deputy Commissioner with the Tennessee Department of Health had come on board to lead the CoverKids initiative. She is a pediatrician and holds a Medical degree from Georgetown University and a Masters of Public Health from Johns Hopkins University.

Dr. Willis is in the process of meeting with stakeholders, including children's hospitals, pediatricians, and child advocates across the state to brief them on the current planning for CoverKids and seek their input into design considerations that would make it a better plan.

Under Dr. Willis' guidance, and working with experienced SCHIP consultants, a State Plan is under development for submission to CMS in September, 2006. CMS will have up to 90 calendar days to approve this plan. We have developed a financial model to provide the appropriate level of risk protection through fully insured coverage.

Federal rules require that a State Plan for SCHIP implementation must be approved by the Centers for Medicare and Medicaid Services (CMS) before receipt of the federal match. This plan must be based on the benefit package utilized in a benchmark plan, like the state employee health plan, which is the baseline for CoverKids benefits planning. The staff has proposed a benefit package (attached) and recommended that there be no participant premiums for participating families under 250% FPL. Under federal rules, all applicants for SCHIP coverage must first be screened for Medicaid eligibility.

We are developing a Request for Proposals for plan administration and examining ways to secure an eligibility and enrollment capability. The RFP will be released in September, 2006 and the successful vendor will be announced in October, 2006. Enrollment will begin in November, 2006 with benefits beginning in January, 2007.

AccessTN

AccessTN will offer comprehensive health insurance for uninsurable Tennesseans under a state-run high-risk pool. The benefits provided under AccessTN will be modeled after the benefits provided under the state employee health plan. AccessTN is funded through a combination of participant premiums, state appropriations and assessments on the health insurance industry. Additionally, there are federal grant funds available to support the startup of this program and to provide supplemental financial support of program operations. We have already applied for the funds available to us at this point, a \$1 million seed grant for startup of the high-risk pool.

The program is subject to the jurisdiction of a 13 member Board of Directors appointed by the Governor, the Lieutenant Governor, the Speaker of the House of Representatives and the Commissioner of Finance & Administration. Nominations are underway for the Board, which will be announced by August 10, 2006.

The authorizing legislation requires the Board to develop a plan for operations and ongoing funding. This plan is subject to review by the Commissioner of Finance & Administration and the Comptroller. Further, the authorizing legislation requires that AccessTN offer two types of health insurance coverage. One plan will be similar to the state health insurance plan and the other will be a high deductible plan, based on a consumer-driven model, and will include an optional health savings account.

At the first Board meeting, anticipated to occur in late August, the Division of Insurance Administration will present a proposed plan of operation in outline form with proposed benefits for the two plans, as required in the legislation.

A Request for Proposals for a plan administrator is currently in development and will be released in September, 2006. It is anticipated that the tasks assigned to an administrator would be typical of those expected in a self-insured arrangement with the addition of eligibility determination, premium collection and the maintenance of basic financial records.

The State is completing an assessment of the premium assistance authority provided in the enabling legislation for AccessTN and the two separate appropriations made for this purpose. \$5 million has been appropriated for general premium assistance, and an additional \$8 million has been appropriated for TennCare disenrollees. A separate non-recurring appropriation of \$25 million has been earmarked for the pursuit of federal matching funds through a HIFA waiver. The HIFA waiver is discussed in Chapter 951 of the Public Acts of 2006. It is worth noting, however, that one of the guiding principles for the development of AccessTN is that we will build the program in such a way as to minimize federal regulation of the coverage. To that end, a legal evaluation is underway to determine if the Grier and other consent decrees would then entangle this program. To the extent that occurs, our intent remains not to seek federal assistance.

It is expected that a plan administrator will be announced in the fourth quarter of 2006, with enrollment and benefits to begin as soon thereafter as is operationally possible.

CoverTN

The heart of the Cover Tennessee program is CoverTN, an opportunity for working Tennesseans to obtain affordable, portable, basic health coverage. Participation in this plan will be driven predominantly by qualified small employers who voluntarily choose to offer CoverTN. Individuals who meet eligibility criteria will also be able to purchase coverage.

The \$150 average monthly premium will be weighted according to age, weight and use of tobacco products. These premiums will have three equal sources: the State, employees and contributions from willing employer participants. An individual participating in CoverTN may opt to cover the employer portion. At least initially, operating costs will be covered through other available state funds.

The CoverTN benefit plans will emphasize preventative health services. As a defined contribution plan, contractors will be selected based on their ability to design an array of services that offer as broad a benefit package as possible for the rates provided.

According to statute, CoverTN will have an Advisory Committee appointed by the Commissioner of Finance and Administration. In addition to these members the Speaker of the Senate and Speaker of the House each will appoint two members. This Council is designed primarily to advise the Commissioner of Finance & Administration

on program implementation. Nominations for this Council are currently underway. The Council will be announced in August, 2006.

A Request for Information was issued in June in preparation for the development of the CoverTN RFP. Multiple companies submitted responses to the RFI, including organizations based in Tennessee and several national health plans. Currently, an RFP is under development.

According to statute, two plans will be selected to offer CoverTN participants a choice in benefit design. The benefit plans will emphasize preventative health services. The RFP is expected to be issued in September, 2006, with enrollment in the first quarter of 2007.

CoverRx

CoverRx builds upon the successful experience Tennessee has had with pharmacy assistance to disenrollees under the Health Care Safety Net in 2005 and 2006. CoverRx will replace the current program and will continue to support the Mental Health Safety Net program and offer assistance to other uninsured Tennesseans with a household income under 250% FPL.

Specifically, the program will utilize a mostly generic formulary with select brand name medications. Participants will not be charged a premium but will pay a co-pay when they fill a prescription. The program will also have a wrap-around discount for any medications not included in the formulary.

Thus far, a Request for Information has been issued and an RFP is under development. We anticipate that this RFP will be issued in August with a contract awarded later this Fall.

ProjectDiabetes

The Diabetes and Health Improvement Act of 2006 authorizes the establishment of the Tennessee Center for Diabetes Prevention and Health Improvement. The purpose of the Center is to develop, implement, and promote a statewide effort to combat the proliferation of Type 2 diabetes. The Center will have a Board of Trustees and is also authorized to establish a not-for-profit organization.

Currently, board nominations are underway as is the process of filing the appropriate documentation to establish the not-for-profit organization. The Board is expected to be announced in August, 2006 with the first board meeting to occur soon thereafter.

The Center is authorized to administer two grant programs. The first program is to provide grants to high schools to promote the understanding and prevention of diabetes. Two Tennessee high schools, Cookeville High School and Haywood County High School, have been selected to participate in an NIH grant. Ten additional high schools will be selected to participate in an expanded grant program, building upon the NIH grant framework. These ten schools will be announced in September, 2006, and will begin in the fourth quarter of this calendar year. The NIH grant schools will begin in August/September, 2006.

The second set of grants will go to providers of services related to the prevention and/or treatment of diabetes. These grants are targeted at evidence based programs focusing on new or expanded populations and/or innovative approaches to address this disease. These grants are not targeted to replace or supplement funding for existing programs. We are in the process of developing a request for grant proposals. We anticipate that the Request for Proposals will be issued in September, 2006 with a distribution of funds in early October, 2006.

Coordinated School Health

Tennessee's Coordinated School Health program began with 10 pilot sites in 2001 in accordance with the model developed by the Centers for Disease Control. These programs are designed to combat a variety of health-related concerns such as lack of exercise, poor eating habits and physical or mental abuse. Participating school systems engage parents, school personnel and the wider community in creating a culture that emphasizes physical activity and healthy eating habits as well as mental, emotional and social health.

The program's success has led Tennessee to become the first state to mandate and fund a statewide Coordinated School Health program. An evaluation of these pilots in 2005 demonstrated improved nurse to student ratios, accelerated progress in math and language arts achievement, increased class time in physical education, and improved graduation rates.

The Tennessee Department of Education will issue a request for grant proposals in mid-August, 2006 and plans to award grants to expand the Coordinated School Health program to other school systems in September, 2006. All Tennessee school systems are expected to implement a Coordinated School Health program by the 2007-08 school year.

Communications and Outreach

We have set up mechanisms for interested Tennesseans to sign up to receive updates on Cover Tennessee programs. Legislative offices have been signed up to receive these messages. If you have a constituent that would like to be added to the list, he can either go to www.Tennessee.gov or call the Health Options Hotline at 1-888-486-9355. For the most current and in depth information, we recommend signing up with an email address so that you can receive electronic updates. In mid-June, an email update and a mailer were sent to the approximately 5,400 people who were at that point signed up. This week, another email update went out. To date, almost 9,000 people have signed up for these updates.

The Cover Tennessee team has been and will continue presenting these programs across the state to get the word out at the grassroots level about solutions for the uninsured. If you have a potential speaking engagement where it would be appropriate to include a presentation on Cover Tennessee programs, please let us know and we will do our best to accommodate you, or at least equip you with the operative information.

Looking forward, our team is developing RFPs for marketing and outreach services to support these important initiatives. We anticipate that CoverKids marketing and outreach will be the first to launch and that the umbrella marketing campaign will be added during first quarter, 2007.

In other states, the most successful marketing and outreach initiatives for programs like these have included a marketing/awareness campaign that is integrated with community outreach through schools, providers, churches, and other business and community groups. We are seeking to build on these elements to drive enrollment in these products.

COVER TENNESSEE

5 Targeted Strategies to Help the Uninsured in Tennessee

Governor Phil Bredesen’s proposal to help Tennessee’s uninsured residents has been signed into law and is now on its way to making affordable and portable health coverage a reality for hundreds of thousands of Tennesseans.

Cover Tennessee includes 5 targeted strategies to create health coverage options for Tennesseans who are uninsured. Cover Tennessee is fundamentally different from past health care expansions. With Cover Tennessee, the state is completely in control of the program design, implementation and costs. And, unlike other health care expansions across the country, Cover Tennessee is voluntary.

CoverKids: Creates a partnership between the state and the federal government to extend comprehensive health coverage to every uninsured child in Tennessee.

AccessTN: Provides a comprehensive health insurance plan for seriously ill adults who can afford health coverage but who have been turned down by insurance companies as “uninsurable.” A premium assistance plan will help low income uninsurables also take part.

CoverRx: Expands the state’s successful Safety Net program for affordable medication to low income, uninsured Tennesseans.

CoverTN: Creates a partnership between the state, private employers and individuals to offer guaranteed, affordable, basic health coverage for working Tennesseans who are uninsured.

ProjectDiabetes and Coordinated School Health: Expands an educational pilot project to K-8 schools across the state to teach healthy lifestyles and eating habits. Also launches a grant program to expand treatment options focusing on reducing Type II Diabetes and obesity.

Look for enrollment information on
Cover Tennessee Health Coverage Options in Fall 2006.
Benefits should begin in early 2007.

To sign up for updates call 1-888-486-9355 or visit www.tennessee.gov

Cover Tennessee Comparison Chart

	COVERKIDS	ACCESSTN	COVERTN	COVERRX
Household Income	Below 250% fpl	No restriction	Below 250% fpl	Below 250% fpl
Income exceptions	Buy-in available over 250% fpl	NA	Small Employer exception for businesses of fewer than 25 employees	NA
Age	18 and under; pregnant women	NA	18 and over	18 and over
TN Residency	Yes	Yes	Yes	Yes
“Go Bare” (time uninsured prior to enrollment in this product)	3 months*	at least 6 months	at least 6 months	No current pharmacy coverage
Employment	NA	NA	Required at time of enrollment	NA
Pre-existing condition clauses	None	May include temporary exclusion for pre-existing conditions; exclusion may be waived for TennCare disenrollees	May include temporary exclusion for pre-existing conditions	NA
Pricing information	Reduced co-pays	Premiums capped at 150% - 200% standard market rates; premium subsidies for low income uninsurables	Target price: \$150 to be shared among the participant, state and employer; varies by age, tobacco and weight	Affordable co-pay for actual medication received from base formulary; discount price for all other medications
Benefits	Comprehensive coverage modeled on State Employee Health Plan	Comprehensive coverage modeled on State Employee Health Plan with HSA option	Targeted coverage of most needed services, (i.e. physician, hospital, pharmacy, etc.)	Affordable access to base formulary of generics and selected brand name pharmaceuticals; discount for all other medications

* Under review

Cover Tennessee: Good for Me. Good for Tennessee.

The Heart of the Plan: CoverTN

Frequently Asked Questions

CoverTN is a plan for working people who are uninsured. Tennesseans need an affordable option to meet their basic health needs - a plan that will follow them to a new job or stay with them during a period of unemployment.

Affordable and Portable

What will it cost?

- Premiums will average \$150 per month depending on age, weight and use of tobacco
 - The State contributes 1/3
 - The employer has the option to split the other 2/3 with the employee or an individual can pay the remainder

What if I leave this job?

- You will own the policy, not your employer; if you change jobs you take the policy with you

Helping Working Tennesseans Help Themselves

Who is eligible?

- People who earn 250% or less of the federal poverty level
 - About \$50,000 for a family of four or \$24,500 for an individual
- People who are working at the time of enrollment
- Uninsured Tennessee residents

Basic Coverage to Meet Basic Needs

What do I get?

- Affordable doctor’s visits and prescriptions
 - Estimated \$25 co-pay for doctor visit; \$10 for prescription
- No or low deductibles
- Some basic emergency and hospital coverage
- An emphasis on preventative care to encourage early treatment and avoid costly and dangerous health issues

Your small business may qualify to offer CoverTN to all of your employees

If your company:

- Is located in Tennessee
- Has 25 or fewer employees
- Has a qualifying percentage of the workforce earning 250% or less of the federal poverty level
- Offers the plan to all employees

...then you could offer CoverTN as your health insurance package for all of your employees, even if a few of them earn more than the income limit.

AccessTN: Insurance for Uninsurables
More Premium Assistance Dollars than Any Other State

In early 2007, AccessTN will begin offering comprehensive health insurance to Tennesseans deemed “uninsurable,” making Tennessee the 34th state to create this kind of high risk pool.

Currently, people with a pre-existing condition who need individual insurance are caught in a catch-22. If they can get approved for coverage, it typically excludes the very condition they need covered, and/or, according to HIPAA regulations, the price quoted can be as much as three times standard market rates.

Under AccessTN, benefits are expected to be modeled on the State Employee Health Plan; it will be a comprehensive plan that includes doctor visits and prescriptions as well as hospital stays, and acute and catastrophic care. Disease management for chronic conditions will also be a critical component.

AccessTN is primarily designed for sick people who can afford to pay something for insurance but either have not been able to get access to coverage or could not afford to pay rates three times higher than their neighbor’s rates. AccessTN’s rates are designed, by law, to fall under the HIPAA pricing threshold in order to create a more affordable option for coverage.

Additionally, up to \$38 million has been set aside to offer premium assistance for low-income uninsurables. That \$38 million is comprised of two allocations, one for \$13 million and another reserve of \$25 million.

\$13 million has been appropriated to offer lower premiums to low income uninsurables in the first year. This amount alone puts Tennessee ahead of the closest comparison, Colorado, where \$10 million has been allocated but not fully utilized.

The additional \$25 million has been set aside for a potential federal match if Tennessee qualifies for a new waiver under the Health Insurance Flexibility Act. This is a different kind of waiver than Tennessee has previously utilized.

The most appealing part of this program is that it allows Tennessee to facilitate the market by offering health insurance to Tennesseans who need it under the umbrella of a state plan that is not governed by costly federal regulations. As a result, this program will not spiral out-of-control the way TennCare did in previous years. Based on Tennessee’s past experiences, there are also many provisions designed to curb fraud and abuse built into the plan design.

AccessTN RELATIVE PRICING INFORMATION

	Market Avg.	ACCESSTN (Capped at 150%-200%)	HIPAA Policy (Typically 300%)
Single policy	\$238/month	\$358 - \$477/month	\$715/month
* Based on the current market averages as presented in America’s Health Insurance Plans, Individual Health Insurance, August 2005.			

COVER TENNESSEE

An Update from the office of Governor Phil Bredesen

June 14, 2006

GOVERNOR BREDESEN SIGNS COVER TENNESSEE INTO LAW

NEW MODEL HOLDS PROMISE FOR HUNDREDS OF THOUSANDS OF UNINSURED TENNESSEANS

This week Governor Phil Bredesen visited a Nashville-based small business to sign into law an innovative piece of legislation that extends health insurance to small businesses and uninsured working Tennesseans. The Cover Tennessee Act includes initiatives that extend health coverage to uninsured children, chronically ill adults and creates a low-cost insurance program for uninsured working Tennesseans.

Joining Bredesen at PlumGood Food, which has 23 employees, was a bipartisan group of state lawmakers, state officials and employees, representatives from the National Federation of Independent Business, small businesses owners, uninsured families and health care providers.

"Cover Tennessee is a fundamentally different approach to providing affordable and portable health insurance coverage to hundreds of thousands of Tennesseans who have no insurance today," said Bredesen. "We are taking a decidedly unique approach to bring health insurance back within the reach of working Tennesseans by relying on voluntary partnerships between the state, employers and the individual. This bold new path enjoys bipartisan support from the Tennessee General Assembly, the NFIB and other business groups and the state's health care industry."

During the bill signing, the Governor highlighted the differences between Cover Tennessee and other efforts to extend health insurance.

"With Cover Tennessee, the state is in control of the program's design, implementation and costs. And unlike other states, Cover Tennessee is voluntary," said Bredesen. "Our role as government is to ensure that anyone who wants health insurance has a shot at getting it, and that is what Cover Tennessee provides. But this is just beginning of the challenge. The success or failure of our efforts will depend on our ability to implement Cover Tennessee and attract the small businesses and uninsured individuals we want to help."



Governor Bredesen, with legislators and small business owners, signs Cover Tennessee into law.
June 12, 2006, at Plumgood Food in Nashville

The low-cost CoverTN insurance product is the centerpiece of Governor Bredesen's Cover Tennessee plan. CoverTN will provide targeted health benefits to working uninsured adults for about \$150 per month. Premiums will vary based on age, smoking status and weight. The premiums can be shared between the state and an individual or between the state, an individual and that person's employer.

Cover Tennessee expects to have more specific information about benefits packages as part of enrollment in Fall 2006, with benefits beginning in early 2007.

Signed into law today were several programs that extend health insurance to uninsured Tennesseans:

Cover Kids - Creates a partnership between the state and the federal government to extend comprehensive health coverage to uninsured children and pregnant women.

AccessTN - Provides a comprehensive health insurance plan for seriously ill adults who have previously been unable to obtain private insurance coverage. This is guaranteed issue, comprehensive health coverage for uninsurable adults and includes premium assistance for low-income participants.

CoverTN - Creates a partnership between the state, private employers and individuals to offer guaranteed, affordable, portable, basic health coverage for working Tennesseans who are uninsured. Includes an option for small businesses to offer CoverTN to all employees.

The legislation also creates **Project Diabetes**, which expands an educational pilot project to K-8 schools across the state to teach healthy lifestyles and eating habits and launches a grant program to expand treatment options focusing on reducing Type II diabetes and obesity.

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COVER TENNESSEE

An Update from the office of Governor Phil Bredesen

August 3, 2006

PEDIATRICIAN AND CHILD POLICY ADVOCATE NAMED TO LEAD COVERKIDS

Earlier this month, Governor Phil Bredesen named pediatrician and veteran public health expert Dr. Andrea Willis, MD, MPH to lead CoverKids, Tennessee's new program to provide comprehensive health insurance to Tennessee children. CoverKids is part of Governor Phil Bredesen's Cover Tennessee program for affordable insurance. CoverKids creates a partnership between the state and the federal government to extend comprehensive healthcare insurance to every uninsured child in Tennessee.

Dr. Willis, most recently the Deputy Commissioner at the Tennessee Department of Health, now begins service under the Department of Finance & Administration. "Dr. Willis has been a true advocate for children's health," said F & A Commissioner Dave Goetz. "Her experience as a pediatrician and policymaker will be invaluable as we strive to make insurance coverage available to every uninsured child in Tennessee through CoverKids."

CoverKids brings the State Comprehensive Health Insurance Plan(SCHIP) program to Tennessee with a three to one federal match for every state dollar invested. It will offer a comprehensive health insurance plan to children up to age 19 in

families that earn less than 250 percent of the federal poverty level, or about \$50,000 for a family of four.

Next steps for CoverKids include the finalization and submission of a Tennessee Children's Plan to the Centers for Medicaid and Medicare Services (CMS). Enrollment is set to begin in November, 2006 with coverage beginning in January, 2007.

To sign up for ongoing updates on Cover Tennessee, call 1-888-486-9355 or go to www.tennessee.gov.

Originally from Athens, Alabama, Dr. Willis has been Deputy Commissioner of the Department of Health since 2003. Among her achievements in the Department of Health, she initiated a departmental partnership with the Boys and Girls Clubs of Tennessee to implement a nutrition and physical activity curriculum called "Commit To Be Fit".

With a medical degree from Georgetown University and a Masters of Public Health from Johns Hopkins University, she is also a fellow of the American Academy of Pediatrics and a member of the RH Boyd Society of the United Way.

Children's Hospital Alliance of Tennessee Hosts CoverKids Conversations

The childrens' hospitals and pediatricians across the state have had a rare opportunity to impact health policy in the making. Hitting the ground running in her new assignment, CoverKids Director Dr. Andrea Willis has been traveling the state to talk about what the plan is likely to include and to get hospital and physician feedback early in the planning process. These meetings have been facilitated by the Children's Hospital Alliance of Tennessee.

"The childrens' hospitals and pediatricians were among our earliest allies in bringing this program to Tennessee," said Dr. Willis. "They understand implicitly what it means for a child to miss out on well baby and well child exams or to go without a relationship with a medical provider early in life. Children who do not have insurance often go without medical care until their condition becomes an emergency, and this has health implications for the rest of their lifetime."

Meetings with child advocates are also scheduled in coming weeks.

CoverKids offers eligible children comprehensive health insurance modeled on the state employee health plan. The state is currently developing the

plan which will then be submitted to the Centers for Medicare and Medicaid Services (CMS) for approval.

The plan will be submitted to CMS by September 1, 2006, with enrollment to begin in November and benefits to begin in January, 2007.

"Our timeline is tight, but we are determined," continued Willis. "There are approximately 150,000 uninsured children in Tennessee and we intend to get this program up and running so that their families will have a way to get them health insurance."

To expedite the process, the state has contracted with SCHIP experts to assist in the preparation of Tennessee's SCHIP application to CMS.

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CoverKids – Benefit Proposal

BENEFIT	FAMILY INCOME BETWEEN 150-250% FPL	FAMILY INCOME AT OR BELOW 150% FPL
Annual Deductible	None	None
Preexisting Condition Requirement	None	None
Physician Office Visit	\$15 copay PCP; \$20 copay specialist	\$5 copay PCP or specialist
Hospital Care	\$100 per admission	\$5 per admission
Prescription Drug Coinsurance/Copay	\$5 generic; \$20 preferred brand; \$40 non-preferred brand	\$5 generic, preferred brand or non-preferred brand
Maternity	\$15 copay OB, first visit only; \$20 copay specialist; \$100 hospital admission	\$5 copay OB or specialist, first visit only; \$5 hospital admission
Routine Health Assessment and Immunizations – Child	No copays for services rendered under American Academy of Pediatrics guidelines	No copays for services rendered under American Academy of Pediatrics guidelines
Emergency Room	\$50 copay per use (waived if admitted)	\$5 copay per use in case of an emergency (waived if admitted); \$10 copay per use for non-emergency
Chiropractic Care	\$15 copay; Maintenance visits not covered when no additional progress is apparent or expected to occur	\$5 copay; Maintenance visits not covered when no additional progress is apparent or expected to occur
Ambulance Service – Air & Ground	No copay 100% of reasonable charges when deemed medically necessary by claims administrator	No copay 100% of reasonable charges when deemed medically necessary by claims administrator
Lab and X-ray	No copay 100% benefit	No copay 100% benefit
Physical, Speech & Occupational Therapy	\$15 copay per visit; Limited to 45 visits per year per condition	\$5 copay per visit; Limited to 45 visits per year per condition
Mental Health Inpatient (preauthorization required)	\$100 copay per admission; Limited to 30 days per year	\$5 copay per admission; Limited to 30 days per year
Substance Abuse Inpatient (preauthorization required)	\$100 copay per admission; Limited to two 5-day detox stays per lifetime; plus one 28-day lifetime stay	\$5 copay per admission; Limited to two 5-day detox stays per lifetime; plus one 28-day lifetime stay
Mental Health/Substance Abuse Outpatient (preauthorization required)	\$20 copay per session; Limited to 45 sessions mental health and substance abuse combined	\$5 copay per session; Limited to 45 sessions mental health and substance abuse combined
Annual Out-of-Pocket Maximums (medical and pharmacy)	5% of family income	5% of family income

Preliminary as of July 31, 2006

FOR DISCUSSION PURPOSES ONLY

Copayments

The copays for children from families with incomes below 150% of poverty level will vary based upon the cost of the service.

Total cost of services provided during a visit	Maximum amount chargeable to enrollee
\$15.00 or less	\$1.00
\$15.01 to \$40	\$2.00
\$40.01 to \$80	\$3.00
\$80.01 or more	\$5.00